

Domestic Motor Vehicle Sales During 1935

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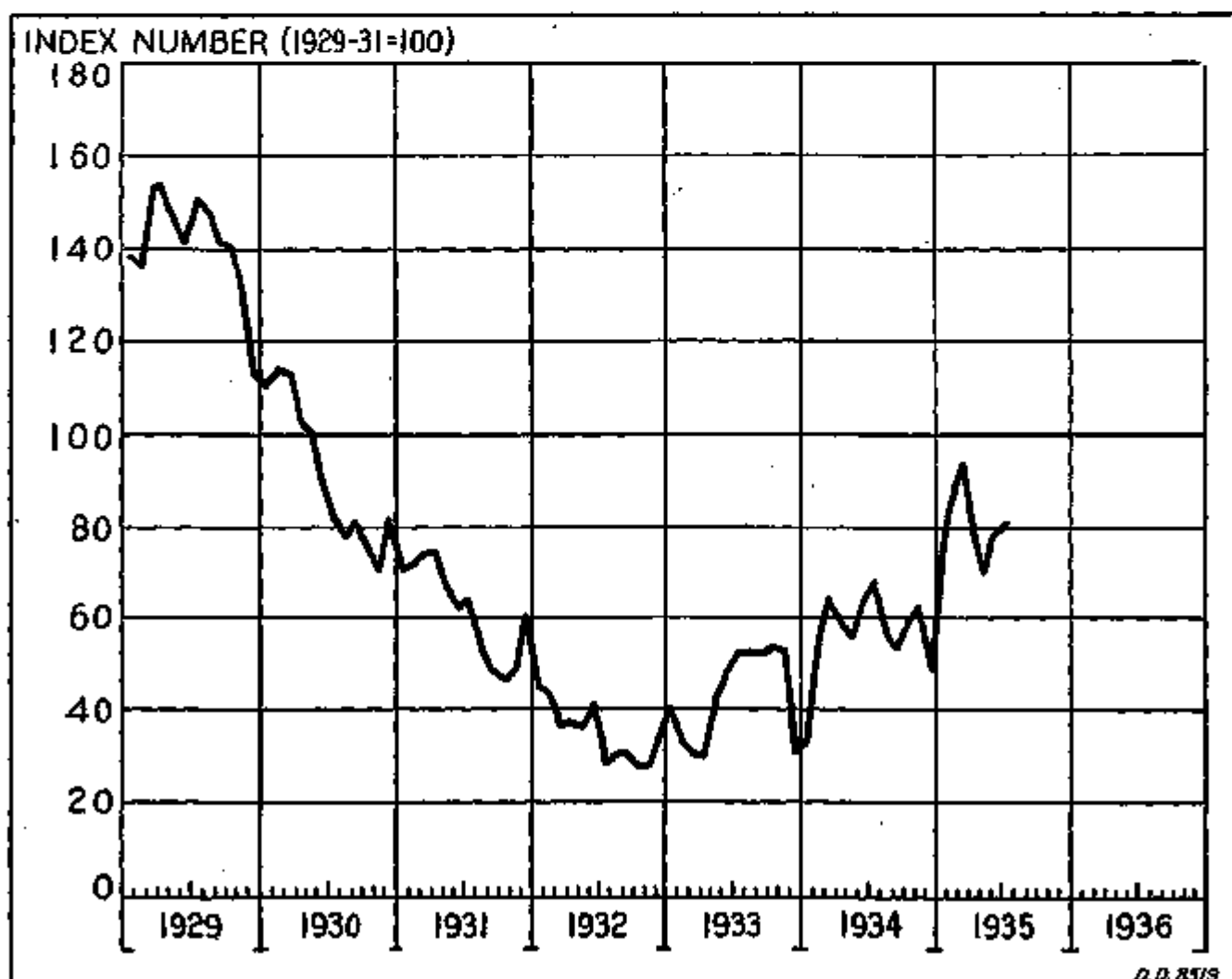
THE automobile industry has been a notable pace-maker during the post-war period and it is natural that it has been one of the leaders in the current recovery in business activity. After a steep slide during the 3-year period 1930-32, during which new passenger car registrations were reduced from 3,880,247 in 1929 to 1,096,399 in 1932, the trend of production and sales has been sharply reversed, with the result that from a volume standpoint the current year has witnessed activity at a pace reminiscent of the banner years of the industry. Although this volume has been marketed at considerably lower prices than in the more prosperous years, it has been possible for the industry (including the parts and equipment manufacturers) to make a very satisfactory showing with regard to profits.

The accompanying chart portrays the fluctuations in the dollar volume of new passenger-car sales since January 1929. The precipitous drop in sales carried

the index from a peak of 155 in the spring of 1929 to a low of 28 in the summer of 1932. Sales turned upward in the latter part of that year, but the improvement was halted by the development of the banking crisis. The improvement after the first quarter of 1933 has been pronounced, and during the current year, production and sales have measured up to the optimistic expectations entertained at the opening of the current selling season.

In studying the fluctuations of dollar sales, consideration should be given to the influence of price reductions and the trend toward the lower priced cars which today compare favorably with cars selling in a much higher price range in the predepression years. The average price used in computing the accompanying index shows a decline of between one-fourth and one-fifth from 1929 to 1933, and the average for the current year is about the same as in 1933.

Trend of the dollar volume of new passenger car sales, adjusted for seasonal variation.



While the chart is based on actual sales totals, references to sales elsewhere in the article refer to registrations which are the only unit data available currently.

Registrations tended upward at a rapid pace during the last three-quarters of 1933 and throughout 1934. During the latter year, 1,888,557 new passenger cars and 403,886 new trucks were registered by owners in the United States. While the automobile dealers were selling these new cars to the public, it is estimated, by the National Association of Sales Finance Companies, that they also sold 4,020,000 used cars and trucks, or at the rate of 1.75 used machines per new car.

Registrations 44 Percent Higher Than in 1934

Following the outstanding performance in 1934, the industry has bettered substantially its accomplishment during the current year. During the first 6 months of 1935, companies and individuals purchased from motor-vehicle dealers 1,461,940 new passenger cars and 254,063 trucks, paying for these vehicles a sum estimated at approximately \$1,460,000,000. The first half year registrations were 44 percent greater in 1935 than during the corresponding period of last year, while the increase over the same 6 months of 1933 was 121 percent.

For passenger automobiles only, which are by far the most important as far as volume and profits are concerned, there were 466,385 more of these units registered during the first 6 months of 1935 than in the corresponding period of last year. Ten States accounted for some 282,000 of this increase, California and Illinois leading with about 43,000 each; New York, Michigan, and Ohio accounting for about 30,000 each; Indiana and Pennsylvania around 27,000; Texas, Wisconsin, and New Jersey between 15,000 and 20,000 each.

The accompanying table shows the trend of new passenger car registrations for the first 6 months of the past 3 years and comparable data for the corresponding months of 1929. The striking divergence of sales during this period in the various regions and individual States is immediately apparent.

One of the outstanding features of the registration is that sales during 1935 in 3 of the 4 principal regions represented almost the same percentages of the total as in 1929; also that the percentage in the other area was only moderately below the ratio for the other 3 regions. This situation is in sharp contrast to that prevailing in 1932 and 1933 when there existed very wide disparities relative to 1929 as between the different regions. In comparison with 1933, it has necessitated increases of 141 and 130 percent, respectively, in the West and South to bring the ratio up in these areas while the Eastern States were recording an increase of 67 percent. A rise of 150 percent (the largest relative

increase) was insufficient to pull the Middle Western States abreast of the balance of the country. The Western States showed the largest relative increase from 1934 to 1935; as compared with 1933 the largest increase was in the middle-western area.

It is also of particular interest that in Georgia and the District of Columbia there were more new cars registered in the first half of the current year than in 1929. In Georgia the increase over the first 6 months of 1934 was 3 percent, while in the District of Columbia there was an increase of 28 percent.

In the Western States the increase in registrations from the first half of 1934 to the first half of 1935 ranged as high as 100 percent in Montana, from 80 to 85 percent in Idaho and Oregon, and from 70 to 80 percent for California and Utah. In only two other States, South Dakota and Indiana, were 1935 sales more than double the 1934 figures, but increases of 70 percent or more occurred in four Middle Western States—Wisconsin, Illinois, Iowa, and Kansas.

In the East, the percentage changes from 1934 to 1935 did not vary as widely as in other regions. New York and Pennsylvania, in which the registration totals were largest, each recorded increases of about a third. Maine, with an increase of 15 percent, reported the smallest gain for any State.

Commercial Car Registrations Highest Since 1929

Motor-vehicle dealers in the United States delivered to owners 254,063 new trucks during the first 6 months of 1935, according to the registration figures. Registrations for this period were only 3.5 percent below the corresponding total in 1929, but were substantially higher than for any intervening year. Sales were strong at the beginning of the year, more than 34,000 units having been registered monthly in January and February. March deliveries totaled 41,511 units and during the second quarter they amounted to more than 47,000 monthly. Each month since the beginning of the year has seen an increase in truck registrations over the preceding month—July figures show registrations of 51,000 units, an increase of 3,000 over June.

Trends in Latter Half of Year

A substantial net increase in car and truck sales is indicated for 1935 by the results experienced to date, but it is improbable that the market will absorb motor vehicles during the last 6 months of the year at a rate equal to deliveries during the first half year, since over the past 10 years the first 6 months has accounted for 55 percent of the total yearly passenger-car registrations. This percentage has varied from 46 percent in 1933 to 63 percent in 1931, but the average for the years when business activity was rising was about 53 percent.

In calculating the probable ratio for the year 1935, the factor of earlier new model introductions injects

an additional element of uncertainty. This might afford some basis for assuming that the total for the second half of the current year with reference to the first half would be high rather than low. However, if registrations for the second half of the year should represent the same proportion of the total for the year (55 percent) as they did in the years 1925-34, inclusive, new passenger-car registrations for the year would approximate 2,650,000.

Estimates of Value of Cars Sold in First Half of 1935

The National Automobile Dealers Association in its 1935 dealer survey reported that the average delivered price of 66,260 new cars and trucks sold by 359 dealers was \$853.17. The association also reported that these dealers sold 111,334 used cars at an average sales price of about \$214. This experience denotes a ratio of 1.68 used cars to one new car. Assuming this ratio in national sales, 2,882,885 used cars were sold during the first 6 months of 1935. The trend of passenger car sales during the first half of 1935 paralleled the trend in 1930 and, if the correlation should continue in the latter half of this year, the number of used cars sold would approximate 2,217,000. This estimate is probably low in view of the divergent trend of economic conditions in the 2 years. However, if realized, this would mean a total of 5,100,000 used car sales for the entire year. Should they be sold at the average sales price shown in the National Automobile Dealers Association survey—\$214.30 each—total used car expenditures for the year would be \$1,093,000,000. Considering the national average new passenger car and truck delivered price to be \$853.17, the first 6 months sales for new cars and trucks amounted to \$1,464,000,000. Should the full year registrations approximate 2,650,000, expenditures for new passenger cars in the latter half of 1935 would exceed \$1,000,000,000, or a total for the year of \$2,260,000,000. To this may be added the above-mentioned estimate for used car sales to obtain the total for car purchases.

As there is little style or "yearly model" influence in truck demand, sales of such vehicles do not show the same seasonal variations as for passenger cars. Previous years' records suggest that on the average about 51 percent of total truck sales are made in the last half of the year. If this ratio should hold for 1935, 264,000 new trucks would be registered from July to December, inclusive. At \$853 each, the truck expenditures for this period would be \$225,000,000, compared with an estimate of \$217,000,000 in the first half.

In summary, granting the assumptions made, domestic registrations may approximate 2,650,000 new passenger cars, an increase of about 761,000 units, or 40 percent over 1934. New trucks to the number of about 518,000 might be anticipated, an increase of 114,000 over the previous year; in percentage an increase of 28. Used cars sold may possibly reach 5,100,000, an increase over 1934 of 1,080,000 units, or 27 percent. If this number of used cars is sold during the year and the number of new cars estimated to be sold is actually sold, the 1935 ratio of used to new cars sold will be 1.61.

New Passenger Automobile Registrations, By State
(6 months—January-June)

State	1929	1930	1934	1935	Percent increase		Ratio, 1935 to 1929
					1935-34	1935-29	
United States, total	2,155,387	682,496	985,555	1,401,840	114.2	49.8	67.8
Eastern States, total	801,045	264,680	318,058	424,534	80.7	34.3	70.0
Connecticut	31,067	11,253	15,128	20,942	81.1	34.5	62.8
Delaware	3,040	2,118	2,697	3,704	74.8	42.9	72.8
District of Columbia	12,452	7,450	10,078	15,338	113.6	58.1	122.0
Maine	14,064	4,287	6,539	7,588	55.6	35.0	64.0
Maryland	24,206	2,351	12,590	18,818	100.6	40.3	74.8
Massachusetts	50,794	22,311	42,047	51,580	69.7	22.7	63.8
New Hampshire	7,051	3,268	4,483	5,864	68.9	20.4	73.8
New Jersey	66,841	29,101	24,847	40,835	71.8	41.7	71.6
New York	180,126	63,581	100,000	143,157	42.0	32.8	70.7
Pennsylvania	150,438	64,838	77,491	104,689	51.8	35.0	68.6
Rhode Island	12,464	4,043	5,884	8,158	68.0	28.2	67.9
Vermont	7,187	1,887	2,088	3,728	97.0	39.0	61.9
Southern States, total	423,720	126,009	234,580	397,383	126.3	31.7	70.2
Alabama	16,667	5,049	11,182	12,320	105.0	24.5	69.4
Arkansas	34,058	5,511	7,820	9,998	68.8	17.9	66.8
Florida	30,840	9,977	19,010	18,556	27.9	23.9	80.9
Georgia	21,847	9,476	17,730	22,003	120.0	34.1	100.1
Kentucky	30,758	9,710	16,087	20,808	108.0	33.9	65.7
Louisiana	20,408	5,722	18,159	14,042	122.1	33.2	68.8
Mississippi	15,813	3,899	7,561	9,083	126.4	19.8	67.5
North Carolina	24,823	9,809	19,112	28,019	178.0	34.8	79.0
Oklahoma	47,001	9,859	19,806	26,867	135.0	34.3	68.5
South Carolina	15,001	4,728	9,832	11,075	147.1	25.1	70.0
Tennessee	20,853	7,650	12,727	22,059	174.5	64.7	70.9
Texas	102,428	32,444	58,015	70,237	117.2	27.7	69.9
Virginia	20,043	9,909	14,087	23,501	166.8	60.6	78.4
West Virginia	24,373	5,804	11,249	13,585	181.6	28.4	68.3
Middle Western States, total	605,739	224,328	348,704	560,950	160.1	60.3	61.8
Illinois	120,379	40,277	64,192	99,422	144.4	78.3	72.7
Indiana	60,050	18,702	24,008	41,850	177.8	100.5	75.2
Iowa	35,901	11,110	20,103	38,212	216.2	75.0	63.2
Kansas	33,734	5,837	14,538	28,851	288.7	71.5	70.0
Michigan	103,179	46,079	68,077	98,231	144.7	43.8	61.0
Minnesota	52,924	15,060	20,384	34,314	116.0	58.3	64.5
Missouri	70,079	22,820	32,103	43,025	132.0	61.5	62.5
Nebraska	30,024	5,783	19,020	17,440	157.6	45.8	48.3
North Dakota	14,088	1,892	3,906	6,781	267.3	60.1	45.2
Ohio	150,001	44,428	69,473	99,287	123.6	43.9	68.4
South Dakota	10,881	2,090	3,188	6,088	224.4	114.9	40.2
Wisconsin	60,628	12,850	21,102	40,027	213.6	91.7	66.7
Western States, total	289,505	74,470	105,848	170,135	140.6	59.2	68.0
Arizona	8,917	1,898	3,107	4,730	170.1	62.5	47.8
California	130,725	45,141	50,914	66,580	130.8	74.9	73.0
Colorado	24,348	8,322	10,354	18,296	110.3	28.6	64.6
Idaho	7,598	1,455	3,301	6,211	258.9	34.0	59.6
Montana	15,463	2,913	4,041	6,661	226.8	100.0	69.4
Nevada	2,220	526	1,258	1,758	234.9	40.0	78.0
New Mexico	5,408	1,353	2,869	3,008	104.8	50.3	66.6
Oregon	17,062	4,242	6,007	12,580	108.1	61.5	73.4
Utah	9,038	2,403	3,466	5,579	144.4	72.5	61.0
Washington	27,088	7,065	11,030	18,210	165.0	65.1	68.2
Wyoming	4,040	1,338	2,182	3,439	100.8	60.0	70.6

Source: R. L. Polk & Co.